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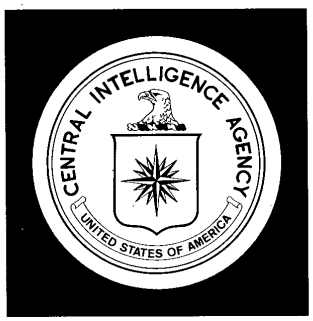

The President's Daily Brief

January 8, 1974

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THE PRESIDENT'S DAILY BRIEF

January 8, 1974

PRINCIPAL DEVELOPMENTS

Egyptian delegates at the Geneva disengagement talks have shown their first impatience at Israel's failure to offer concrete proposals. *(Page 1)*

Hanoi is sending a substantial shipment of military supplies to the Cambodian Communists. *(Page 2)*

Military conscription in North Vietnam apparently declined sharply last year. *(Page 3)*

South Korea's President Pak will issue a proclamation today outlawing all efforts to revise the constitution. *(Page 4)*

Soviet [redacted] Afghan 25X1
(Page 5)

French arms sales rose by 50 percent last year. *(Page 6)*

Panama's General Torrijos seems pleased with recent signals from Washington, and he is likely to forestall any major violence on the tenth anniversary tomorrow of the destructive riots protesting the US presence in the Canal Zone. *(Page 7)*

Peron is considering new measures to combat the wave of kidnapings that is discouraging potential foreign investors in Argentina. *(Page 8)*

A note on monetary developments appears on *Page 9*.

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ISRAEL-EGYPT

The failure of Israeli representatives to present a concrete proposal at the disengagement talks in Geneva yesterday brought on the first show of Egyptian impatience at the lack of specifics.

Asking for understanding of his government's current domestic problems, General Gur said that Israel was not yet prepared to present a formal proposal. He said he had no instructions to go beyond the disengagement "models" he had put forward on January 4 and emphasized that they did not constitute "proposals." One of the models, presented in the form of a general principle for disengagement, involved an Israeli withdrawal to a point 35 kilometers east of the Suez Canal and called for a reduction in the strength and the armament of Egypt's forces on the east bank.

Egypt's General Maghdub had opened yesterday's session with the suggestion that the US and the USSR be invited in to define the cease-fire lines of October 22 if the Egyptians and Israelis could not themselves decide on a wider disengagement. The proposal was probably meant as a spur to movement rather than as an indication of serious intent. Following hasty consultation with Jerusalem, Gur relayed his government's flat rejection of superpower involvement.

Maghdub indicated in essence that the two sides had nothing to negotiate until they could exchange ideas on clearly defined territorial issues. When the UN's General Siilasvuo suggested that the negotiators not reconvene until both sides could present specific proposals, Gur urged that the meetings be continued primarily for appearances' sake. The next meeting is scheduled for tomorrow.

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CAMBODIA - NORTH VIETNAM

The Khmer Communist logistic position has improved as the result of a substantial shipment of military equipment from the Vietnamese Communists. An insurgent message of January 1 states that the total shipment--the first detected in the North Vietnamese infiltration system directly earmarked for the Khmer Communists--will amount to 900 tons, plus 296 trucks. The munitions will add significantly to the Khmer Communists' ability to sustain a high level of combat this year, and the trucks will alleviate some of the insurgents' chronic distribution problems.

The wording of this and other messages suggests that the scheduled shipments represent most if not all of Hanoi's contribution to the Khmer Communist military effort this dry season. Hanoi may judge that this level of support is enough to retain some leverage with the insurgents while avoiding a more extensive supply effort that might dramatically alter the present military balance.

During the last week in December initial deliveries of some 150 tons and 96 trucks were made to the Khmer Communists in northeast Cambodia. Intercepts indicate that the insurgents are wasting little time in allocating some of the new small arms, heavy weapons, and ammunition to battlefield areas near Phnom Penh. The Khmer Communist Central Committee has also stated that, with the new equipment, five or six fresh battalions can be formed east of the Mekong and a similar number in two other regions near Phnom Penh.

The new deliveries are part of an arrangement under which the insurgents have agreed to sell 5,000 tons of rice to Vietnamese Communist forces in the central highlands of South Vietnam. As another part of the deal, Vietnamese Communist forces are to be allowed to move through areas of the Cambodian southern border provinces of Kampot and Takeo, the scene of numerous armed clashes between Vietnamese and Khmer Communist units.

During the initial years of the Cambodian conflict, the insurgents received the bulk of their equipment and supplies from Vietnamese Communist units operating in Cambodia. Following the general withdrawal of these units to South Vietnam in mid-1972, the Khmer Communists appear to have depended largely on stockpiled material, some local accommodations with Vietnamese Communist units along the border, and the sale or capture of war materiel from Cambodian government stocks. During the past six months, Khmer Communist messages have referred to persistent shortages of arms and ammunition.

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NORTH VIETNAM

Military conscription in North Vietnam appears to have declined sharply in 1973, and the reduced recruitment suggests that Hanoi's military plans for early 1974 do not call for heavy fighting.

Current troop infiltration trends are generally in line with this low level of recruitment. So far, fewer troops have left North Vietnam for South Vietnam and nearby areas of Laos and Cambodia by this stage of the dry season than in any year since 1969.

North Vietnamese propaganda suggests that a new induction drive has begun, but these troops will not be ready for infiltration for several months. Some reports indicate new recruits are being given six months training. If that is typical, the new troops will not be ready to move south until early summer.

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SOUTH KOREA

Recent evidence of open political dissent apparently has strengthened President Pak's resolve to resist major political change. US officials have been informed that today Pak will proclaim that efforts to revise the constitution will be regarded as criminal activity.

The government's recent attempts to conciliate dissenters had encouraged them to press openly for concessions. Two respected members of Pak's own party had resigned from the party in protest against his authoritarian policies, and prominent members of the two opposition parties appealed publicly for liberalization.

Even while proclaiming new emergency measures, Pak seems likely to continue his appeals for popular support. His annual address to the nation later this week will provide a further opportunity to pursue that course, as well as to explain the actions taken today.

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AFGHANISTAN-USSR

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FRANCE

Arms sales to foreign customers earned the French about $1.5 billion last year, according to a government estimate reported in Le Monde. This is an increase of almost 50 percent over the year before. Sales of aeronautical equipment were up sharply, and orders for ground, naval, and electronic materiel were also higher than in 1972.

France is currently the world's third largest arms supplier. Over the past few years it has turned increasingly to developing countries for lucrative sales contracts. Last year Abu Dhabi and Zaire, for example, signed contracts to purchase Mirage fighters; China bought several helicopters. The French have also sold antitank missiles to Middle East countries not affected by Paris' embargo on sales to belligerents in the 1967 war.

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PANAMA

The tenth anniversary tomorrow of the destructive riots protesting the US presence in the Canal Zone is likely to be peaceful. A handful of radicals might try to stage an incident in or near the Canal Zone in the hope of creating a martyr, but the Torrijos government probably is prepared to forestall such action.

General Torrijos was pleased with the appointment of Ambassador Bunker as chief US negotiator, and he considers the White House announcement that it will seek congressional approval to transfer two airfields in the zone to Panamanian jurisdiction as further evidence of US seriousness in the negotiations.

Torrijos' nationalism and his fear of signing the "wrong" treaty are likely to remain the chief obstacles. He knows that getting a treaty advantageous to Panama would be his regime's most important accomplishment, but he also realizes that he cannot afford to sign a new treaty that does not satisfy Panama's aspirations for full sovereignty in the zone at an early date.

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ARGENTINA

Peron and his advisers are disappointed that the security measures they have taken so far, including a shake-up in military leadership, have had little impact on the extreme leftist groups that have been kidnaping foreign businessmen. They are concerned that the security situation, together with uncertainty created by Peron's poor health, is keeping potential investors away. Some foreign companies have already moved their executives out of the country.

The government has recently sent the Argentine Congress bills to give police and the courts wider means to combat terrorism; the congress is still studying them. 25X1

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The contemplated actions do not seem likely to bring any early dramatic successes against the well-organized terrorists. The passage of new legislation might encourage the police to step up countermeasures, but the military's wish to avoid involvement may be a more important factor. New service chiefs, like their predecessors, apparently view terrorism as essentially the Peronists' own political problem.

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NOTE

International Monetary Developments: The dollar strengthened again in major currency markets yesterday as Japan abandoned its support of the 280 yen per dollar exchange rate. Japan's central bank allowed the yen to fall by 6.5 percent. Moderate intervention began only when the exchange rate fell to 300 yen to the dollar. Sterling and the Danish krone fell to record lows in active trading, and all other major European currencies also weakened dramatically. Intervention by the Bundesbank yesterday reached $113 million as the mark continued to fall.

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